

Message Text

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ACTION STR-07

INFO OCT-01 EA-10 IO-13 ISO-00 STRE-00 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00
AID-05 SS-15 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02
OMB-01 DOE-15 AF-10 ARA-10 EUR-12 NEA-11 JUSE-00
OIC-02 /169 W

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P 221023Z JUN 7
FM USMISSION GENEVA
TO SECSTATE WASHDC PRIORITY 1198
INFO AMEMBASSY JAKARTA

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USMTN

STR FOR ACTION

STR PASS CODEL

E.O. 11652: N/A
TAGS: MTN, ETRD, ID
SUBJECT: MTN: US-INDONESIAN BILATERAL CONSULTATIONS

REF: (A) GENEVA 8387; (B) GENEVA 9280

1. U.S. MTN DEL (WALLAR, CASSIDY, SWAIN) MET WITH
INDONESIAN AMB. KAHONO, MOEZDANI, AND MS. HALIDA
ON 20 JUNE TO REVIEW STATUS OF TARIFF OFFERS AND
CURRENT WORK IN NON-TARIFF MEASURE AREAS. KAHONO
PRESENTED A CLARIFICATION OF THEIR INITIAL WRITTEN
OFFER (REF (B). WITH RESPECT TO AGRICULTURAL
PRODUCTS, KAHONO SAID THAT GOI IS NOT IN A POSITION
TO REDUCE THE TARIFFS BUT ARE OFFERING TO BIND
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CURRENT DUTIES ON THE FOLLOWING ITEMS CONTAINED
IN THE U.S. REQUEST LIST:

- 020110 - MEAT OF BOVINE ANIMALS
- EX 0202 - FROZEN TURKEYS
- 070420 - DRIED, DEHYDRATED, EVAPORATED ONIONS
- EX 070430 - DRIED, DEHYDRATED OR EVAPORATED GARLIC

- IN POWDER FORM
- 070520 B - DRIED PEAS
- 070590 C - DRIED LEGUMINOUS VEGETABLES
- 080210 - ORANGES, ETC, FRESH OR DRIED
- 080290 - OTHER CITRUS, FRESH OR DRIED
- 080420 - DRIED GRAPES
- 150300 - TALLOW (NOTE: U.S. TP REQUEST HAD
INCORRECT CCCN 15.02.01)
- 150705 - SOYBEAN OIL (NOTE: U.S. TP REQUEST
HAD INCORRECT CCCN 15.07.10)
- 160290 - CANNED TURKEY
- 210790EX - VEGETABLE PROTEIN (NOTE: U.S. TP
REQUEST HAD INCORRECT CCCN 21.07.99)
- 350401EX - VEGETABLE PROTEIN

2. ON WHEAT FLOUR (110110A) THEY ARE WILLING TO CONTINUE PRESENT SUSPENSION OF THE 5 PERCENT DUTY BUT CANNOT OFFER BINDING. THERE IS NO OFFER ON THREE REMAINING ITEMS ON U.S. REQUEST LIST (FRESH GRAPES, FRESH APPLES, AND CANNED CORN). AS EXPLAINED IN REF (A), THE LICENSING SYSTEM IS FOR THE ADMINISTRATION OF HEALTH AND SANITARY MEASURES.

3. WHILE U.S. DEL EXPRESSED APPRECIATION FOR INITIAL OFFER, WE STATED THAT THE U.S. IS ALSO INTERESTED IN TARIFF REDUCTIONS OF THE UNUSUALLY HIGH INDONESIAN LIMITED OFFICIAL USE

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TARIFF RATES ON THESE PRODUCTS. U.S. POINTED TO THE RECENTLY TABLED REVISED U.S. OFFER WHICH, ACCORDING TO OUR PRELIMINARY ANALYSIS, SHOWS A SUBSTANTIAL INCREASE IN U.S. OFFER WITH RESPECT TO INDONESIAN AGRICULTURAL PRODUCTS. KAHONO APPRECIATED INFORMATION ON THE REVISED U.S. OFFER AND SAID THAT HIS PRESENT INSTRUCTIONS INDICATED THAT, AS A GENERAL POSITION, THEY ARE NOT WILLING TO MAKE TARIFF REDUCTIONS ON AGRICULTURAL PRODUCTS. HE LEFT DEFINITE IMPRESSION, HOWEVER, THAT THE DOOR WAS NOT CLOSED ON THE POSSIBILITY OF SUCH REDUCTIONS.

4. ON THE INDUSTRIAL SIDE, U.S. DEL NOED THE ABSENCE OF ANY OFFER FROM INDONESIA TO DATE. KAHONO EXPLAINED THAT, WHILE CERTAIN INDUSTRIES REQUIRE PROTECTION FOR THEIR DEVELOPMENT, SOME IMPORTS WERE BEING PROMOTED TO ASSIST IN THE DEVELOPMENT OF LABOR INTENSIVE INDUSTRY AND OTHER INDUSTRIES IN ACCORDANCE WITH THEIR ECONOMIC DEVELOPMENT PLAN. ON JUNE 2, ACCORDING TO KAHONO, A CABINET DECISION WAS TAKEN TO EXEMPT CERTAIN IMPORTS FOR THE SHIPPING INDUSTRY (E.G., SHIPS EQUIPMENT), AND PROMISED TO PROVIDE

DETAILS AT A LATER DATE. KAHONO ALSO INDICATED THAT A 50 PERCENT TARIFF REDUCTION HAD OCCURRED IN EARLY 1978 ON 24 INDUSTRIAL ITEMS (LIST BEING PREPARED BY KAHONO'S ASSISTANT). KAHONO SAID THAT U.S. CAN CONSIDER THESE REDUCTIONS AS AN OFFER IN THE MTN. FURTHERMORE, GOI IS CONSIDERING BINDING THE CURRENT ZERO DUTY ON CERTAIN CHEMICALS, INCLUDING EX 290490 (ETHYLENE-GLYCOL), EX 291590 (DIMETHYL-TEREPHTHALATE (DMT) AND TEREPHTHALIC ACID), AND EX 293590 (CAPROLACTAM). (NOTE: U.S. 1976 EXPORTS TO INDONESIA OF DMT WERE \$6.8 MILLION.)

5. INDONESIAN REQUESTS: U.S. DEL REVIEWED INDONESIA'S REQUESTS SEEKING CLARIFICATION ON CERTAIN POINTS LIMITED OFFICIAL USE

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INFO OCT-01 IO-13 ISO-00 STRE-00 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10
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TO SECSTATE WASHDC PRIORITY 1199
INFO AMEMBASSY JAKARTA

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STR FOR ACTION

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(TSUS NOT MATCHING PRODUCT DESCRIPTION) AND INDICATING AREAS WHERE MAXIMUM TARIFF CUTS HAD ALREADY BEEN MADE. KAHONO WILL REFER THE TECHNICAL QUESTIONS TO HIS CAPITAL. U.S. EXPLAINED THAT THERE HAD NOT BEEN ADEQUATE TIME FOR THESE REQUESTS TO BE CONSIDERED IN WASHINGTON. KAHONO HOPED THAT HIS TABLING A WRITTEN OFFER WILL HELP IN THE FAVORABLE CONSIDERATION OF THEIR REQUESTS. HE INDICATED THAT THEIR PRIORITY INTEREST IS IN COTTAGE INDUSTRY TEXTILE ITEMS, ESPECIALLY HAND-PRINTED BATIK. HE QUERIED WHETHER IT IS POSSIBLE TO ESTABLISH A NEW CLASSIFICATION FOR HAND-PRINTED BATIK, WHICH, HE ASSERTED, IS READILY DISCERNIBLE FROM MACHINE-PRINTED BATIKS. U.S. NOTED THAT PRODUCTS CERTIFIED AS HAND-MADE ALREADY RECEIVE LIMITED OFFICIAL USE

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FAVORABLE TREATMENT IN THE U.S. OFFER (FORMULA AND FULL AUTHORITY CUTS) BUT PROMISED TO PASS ALONG KAHONO'S QUERY TO WASHINGTON. IN ADDITION, KAHONO REITERATED GO'S DESIRE TO HAVE AN EX OUT ON SHRIMP CHIPS SINCE THE SHRIMP CHIPS FROM INDONESIA APPARENTLY CONTAIN MORE SHRIMP THAN THOSE FROM OTHER COUNTRIES. U.S. DEL NOTED THAT GIVEN THE NATURE OF THE ITEM (PROCESSED FOOD CONTAINING FLOUR AND SHRIMP) THE INGREDIENTS HAVE A DIRECT BEARING ON ITS TARIFF CLASSIFICATION AND URGED INDONESIAN DEL TO PROVIDE DETAILED INFORMATION WITH RESPECT TO THE CONTENTS OF THE SHRIMP CHIPS.

6. NTM CODES: AT KAHONO'S REQUEST U.S. MTN DEL REVIEWED STATUS OF CURRENT WORK ON VARIOUS NTM CODES. KAHONO EXPRESSED AN INTEREST IN THE STANDARDS CODE IN PARTICULAR, AND SAID THAT THE CUSTOMS VALUATION CODE WOULD BE DIFFICULT TO ADOPT SINCE THEY HAVE JUST CHANGED TO A NEW BDV SYSTEM. ON GOVERNMENT PROCUREMENT INDONESIA IS INTERESTED IN AS WIDE AS POSSIBLE COVERAGE OF ENTITIES.

7. COMMENT: INDONESIA'S TABLING A WRITTEN OFFER AND HINTS OF POSSIBLE IMPROVEMENTS ARE POSITIVE INDICATIONS THAT THEY ARE WILLING TO ENGAGE IN SUBSTANTIVE NEGOTIATIONS. WE WOULD APPRECIATE AN INDICATION AS TO WHEN INDONESIA'S ADDITIONAL REQUESTS WILL BE CONSIDERED BY WASHINGTON AGENCIES. AMB. KAHONO WOULD LIKE TO SUBMIT INFORMATION IN PARA 4 BEFORE THAT DATE AND ARRANGE EXPERTS FROM JAKARTA.

8. DRAFTED BY WALLAR. CULBERT

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